

## **DECISION-MAKING WITH SPECIAL REFERENCE TO H. SIMON**

### **Meaning**

Webster's Dictionary defines decision-making as "the act of determining in one's own mind upon an opinion or course of action."

According to Robert Tannenbaum, decision-making "involves a conscious choice or selection of one behaviour alternative from among a group of two or more behaviour alternatives."

Terry defined decision-making as "the selection of one behaviour alternative from two or more possible alternatives."

Thus, decision-making means choosing one alternative from among various alternatives. It is essentially problem-solving in nature. Decision-making is closely related to policy-making, but they are not the same. Terry has clarified the difference between decision and policy as follows. "A decision is usually made within the guidelines established by policy. A policy is relatively extensive, affects many problems, and is used again and again. In contrast, a decision applies to a particular problem and has a non-continuous type of usage." Classical thinkers did not attach much importance to decision-making as an all pervasive activity related to all management functions like planning, organising, coordinating, controlling, and so on. In the words of Fred Luthans, "classical theorists such as Fayol and Urwick were concerned with decision-making process only to the extent that it affects delegation and authority, while Frederick. W. Taylor alluded to the scientific method only as an ideal approach to making decisions."

The first comprehensive analysis of the decision-making process is given by Chester Barnard. He observed, "The processes of decision are largely techniques for narrowing choice."

Seckler-Hudson rightly said : "Decision-making in the government is a plural activity. One individual may pronounce the decision, but many contribute to the process of reaching the decision. It is a part of the political system".

Millet mentioned three factors which should be examined in order to understand the decision-making process:

- (i) Personal differences among the individuals that make some decisive and others indecisive.
- (ii) Role played by knowledge in decision-making.
- (iii) Institutional and personal limitations which circumscribe decision-making.

**Simon's Concept of Decision-Making** Herbert A. Simon is the foremost decision theorist. He defined decision-making as "the optimum rational choice between alternative courses of action."

According to Simon, decision-making pervades the entire organisation, that is, decisions are made at all levels of the organisation. Hence he viewed an organisation as a structure of decision-makers. He equated administration with decision-making as every aspect of administration revolves around decision-making. He observed that decision-making is an all-embracing activity subsuming all the administrative functions described as 'POCCC' by Fayol and 'POSDCORB' by Gulick.

Simon was very critical of the classical approach and its advocacy of principles of administration having universal application. He challenged their universal validity and described them as "proverbs" occurring in mutually contradictory pairs. He argued that "before one can establish any immutable principles of administration, one must be able to describe, exactly how an administrative organisation looks and exactly how it works".

Simon observed, "Before a science can develop principles, it must possess concepts. Decision-making is the most important activity of administration... . An administrative science, like any science, is concerned purely with factual statements. There is no place for ethical statements in the study of science."

To sum-up, Simon's concept of administration has two basic elements, viz.

- (i) the emphasis upon decision-making approach as the alternative to the classical thinkers' principles approach (i.e. structural approach); and
- (ii) the advocacy of empirical approach (value-free approach) as against the normative approach to the study of administration.

As rightly observed by N. Umapathy, "Simon proposed a new concept of administration based on theories and methodology of logical positivism with the focus on decision-making."

## **Bases or Factors**

Seckler-Hudson gave a list of following twelve factors which are considered in decision-making: (a) legal limitations, (b) budget, (c) mores, (d) facts, (e) history, (f) internal morale, (g) future as anticipated, (h) superiors, (i) pressure groups, (j) staff, (k) nature of programme, and (l) subordinates.

**Simon's Bases of Decision-Making** According to Simon, every decision is based upon two premises—the factual premises and the value premises. A fact is a statement of reality, while a value is an expression of preference. A factual premise can be proved by observable and measurable means, that is, it can be tested empirically to find out its validity. A value premise, on the other hand, cannot be tested empirically, that is, it can only be subjectively asserted as valid.

According to Simon, the value premises are concerned with the choice of ends of action, while the factual premises are concerned with the choice of means of action. He stated that, in so far as decisions lead to the selection of final goals, they can be called as 'value judgements' (i.e. the value component predominates), and in so far as they (decisions) involve the implementation of such goals, they can be called as 'factual judgements' (i.e. the factual component predominates).

## **Process or Stages**

Terry lays down the following sequence of steps in decision-making.

- (i) Determine the problem.
- (ii) Acquire general background information and different viewpoints about the problem.
- (iii) State what appears to be the best course of action.
- (iv) Investigate the proposition and tentative decisions.
- (v) Evaluate tentative decisions.
- (vi) Make the decision and put it to effect.
- (vii) Institute follow-up and, if necessary, modify decision in the light of results obtained.

**Simon's Stages of Decision-Making** According to Simon, decision-making comprises three principal phases. They are:

**Intelligence Activity** Simon called the first phase of decision-making process as an intelligence activity (borrowing the military meaning of intelligence). It involves finding occasions for making a decision. According to Simon, the executives spend a large fraction of their time surveying the economic, technical, political and social environment to identify new conditions that call for new actions.

**Design Activity** The second phase, also called the design activity, consists of inventing, developing and analysing possible courses of action, that is, finding alternative courses of action. Simon believed that the executives spend an even larger fraction of their time, individually or with their associates, seeking to invent, design and develop possible courses of action for handling situation where a decision is needed.

**Choice Activity** Simon called the last phase in decision-making as the choice activity. It involves selecting a particular course of action from the given alternatives. Simon opined that the executives spend a small fraction of their time in choosing among alternative actions already developed and analysed for their consequences, to meet an identified problem.

According to Simon, these three phases are closely related to the stages in problem-solving first described by John Dewey (1910). They are (a) What is the problem? (b) What are the alternatives? (c) Which alternative is best?

Simon concludes that, in general, intelligence activity precedes design, and design activity precedes choice. The cycle of phases is, however, far more complex than this sequence suggests. Each phase in making a particular decision is in itself a complex decision-making process. The design phase, for example, may call for new intelligence activities; problems at any given level generate sub-problems that, in turn, have their intelligence, design, and choice phases, and so on. There are wheels within wheels. Nevertheless, the three large phases are often clearly discernible as the organisational decision process unfolds.

## Classification

The decisions are classified into various types by various thinkers. A few classifications are listed here.

**Programmed and Non-Programmed Decisions** Herbert A. Simon has classified decisions into programmed and non-programmed. Decisions are programmed to the extent that they are repetitive and routine, so that a definite procedure has been worked out for handling them and they don't have to be treated *de novo* each time they occur. It is a decision-making by precedent.

Decisions are non-programmed to the extent that they are novel, unstructured and consequential. There is no cut-and-dried method for handling the problem because it hasn't arisen before, or because its precise nature and structure are elusive or complex, or because it is so important that it deserves a custom-tailored treatment.

Simon has identified the traditional as well as the modern techniques of programmed and non-programmed decisions. These are mentioned below in Table 4.1.

**Table 4.1** Techniques of Programmed and Non-programmed Decisions

<i>Types of Decisions</i>	<i>Traditional Techniques</i>	<i>Modern Techniques</i>
Programmed: Routine, Repetitive decisions Organisation develops specific processes for handling them.	1. Habit 2. Clerical routine 3. Organisation structure: Common expectations A system of sub goals Well-defined information channels	1. Operations Research: Mathematical analysis models. Computer simulation. 2. Electronic data processing.

**Table 4.1 (Contd)**

<i>Types of Decisions</i>	<i>Traditional Techniques</i>	<i>Modern Techniques</i>
Nonprogrammed: One-shot, ill-structured, novel, policy decisions Handled by general problem solving processes.	1. Judgement, intuition and creativity. 2. Rules of thumb. 3. Selection and training of executives.	Heuristic problem-solving techniques applied to: (a) training human decision makers (b) constructing heuristic computer programs.

Simon and March have stated that the administrator who is responsible for both routine activities and long-term planning devotes greater share of his time on routine activities. This results in either postponement or avoidance of long-term decisions. This phenomenon is called by them as "Gresham's Law of Planning". It implies that routine drives out non-programmed activity.

**Generic and Unique Decisions** Peter Drucker in his popular book *The Practice of Management* classified decisions into generic and unique decisions. These resemble programmed and non-programmed decisions respectively.

**Organisational and Personal Decisions** Chester Barnard classified decisions into organisational and personal decisions. The former are taken by an executive in his official capacity, that is, as a member of his organisation, while the latter are taken by an executive in his individual capacity, that is, not as a member of his organisation.

**Policy and Operating Decisions** Decisions are further classified into policy decisions and operating decisions. The policy decisions are also known as strategic decisions. These decisions are of fundamental character affecting the entire organisation. Obviously, they are taken by the top management. By contrast, the operating decisions are meant for executing the policy decisions. Hence, they are taken by the lower management cadres. These are also known as tactical decisions.

**Individual and Group Decisions** Decisions are also classified into individual and group decisions on the basis of the number of persons involved in the decision-making process. Individual decisions are those which are made by individual managers in the organisations. They assume complete responsibility for the consequences of their decisions. Group decisions, on the other hand, are those which are made by a group of managers in an organisation. They assume collective responsibility for the consequences.

## Models

There are four models of decision-making, viz. Simon's Bounded Rationality Model; Lindbloom's Incremental Model; Etzioni's Mixed-Scanning Model; and Dror's Optimal Model.

**Simon's Bounded Rationality Model** Herbert Simon dealt comprehensively with the rationality aspect of decision-making process. His model of rational decision-making is also known as Behaviour Alternative Model because he proposed an alternative model as a more realistic alternative to the classical 'economic rationality model'.

Simon viewed rationality as "the selection of preferred behaviour alternatives in terms of values whereby the consequences of behaviour can be evaluated". He also distinguished various types of rationality. According to him, a decision is:

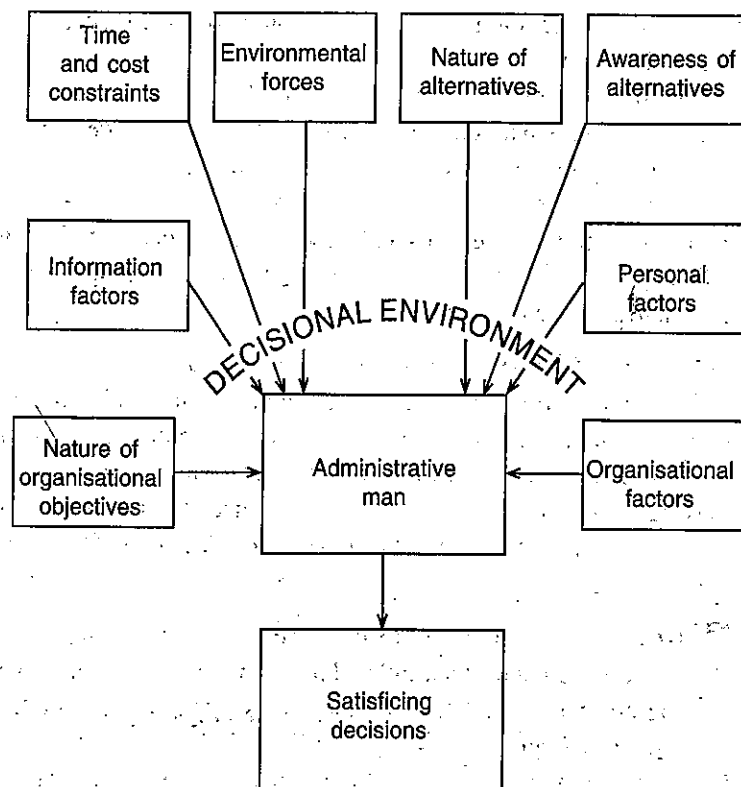
- (i) objectively rational if in fact it is the correct behaviour for maximising given values in a given situation.
- (ii) subjectively rational if it maximises attainment relative to the actual knowledge of the subject.
- (iii) consciously rational to the degree that the adjustment of means to ends is a conscious process.
- (iv) deliberately rational to the degree that adjustment of means to ends has been deliberately brought about (by the individual or by the organisation).
- (v) organisationally relational if it is oriented to the organisation's goals.
- (vi) personally rational if it is oriented to the individual's goals.

Simon believed that total rationality is impossible in administrative behaviour. Hence, 'maximising decisions' is also not possible. He observed that human behaviour in an organisational setting is characterised by 'bounded rationality' (limited rationality) leading to 'Satisficing decisions' as against 'maximising decisions' (optimising decisions). Satisficing (a word derived from the combination of words, 'Satisfaction' and 'sufficing') decision implies that a decision-maker chooses an alternative which is satisfactory or good enough.

The following factors are responsible for bounded rationality leading to satisficing decisions.

- (i) Dynamic (rather than static) nature of organisational objectives.
- (ii) Imperfect (inadequate) information as well as limited capacity to process (analyse) the available information.
- (iii) Time and cost constraints.
- (iv) Environmental forces or external factors.
- (v) Alternatives cannot be always quantified in an ordered preference.
- (vi) Decision-maker may not be aware of all the possible alternatives available and their consequences.
- (vii) Personal factors of the decision-maker like preconceived notions, habits, and so on.
- (viii) Organisational factors like procedures, rules, channels of communication, and so on.

Simon's bounded rationality model of decision-making can be illustrated as follows.



**FIG. 4.1 Herbert Simon's Bounded Rationality Model of Decision-making**

In view of the above limitations, Simon proposed the model of administrative man as against the model of economic man who takes the maximising decisions. According to him, the administrative man—

- (a) in choosing between alternatives, tries to satisfy or look for the one which is satisfactory or good enough;
- (b) recognises that the world he perceives is a drastically simplified model of the real world;
- (c) can make his choice without first determining all possible alternatives and without ascertaining that these, in fact, are all the alternatives because he satisfies, rather than maximise; and
- (d) is able to make decisions with relatively simple rule of thumb because he treats the world as rather empty.

Thus, the 'satisficing' administrative man of Simon is different from the 'optimising' economic man, evolved by the classical economic theorists. He ends up with 'satisficing' as he does not have the ability to 'optimise' (maximise).

However, Chris Argyris observed that Simon, by insisting on rationality, has not recognised the role of intuition, tradition and faith in decision-making. He said that Simon's theory uses 'satisficing' to rationalise incompetence.

Norton E. Long and Philip Selznick argued that Simon's distinction between fact and values revises in a new guise the discredited politics-administration dichotomy and considers bureaucracy as a neutral instrument.

**Lindblom's Incremental Model** Charles E. Lindblom in his article *The Science of Muddling Through* (1959) advocated the 'incremental model' of decision-making. It is diametrically opposite to Herbert Simon's 'rational comprehensive model'.

Lindblom says that the actual decision-making in administration is different from the way it is generally described in theory. He recognises the practical problems in the rational comprehensive approach. He highlights the various limitations like money, time, information, politics, and others, which govern the actual decision-making process in the administration.

Lindblom opined that the decision-makers always continue the existing programmes and policies with some additions. Thus, he argues that what actually occurs in administrative decisions is 'incrementalism', that is, virtual continuation of the previous activities with few modifications. The incremental model is also known as 'branch technique' or 'model of successive limited comparisons' or 'step-by-step decision-making'.

Thus, Lindblom assumes that the past activities and experiences are used by the administrators to make future decisions. He applied two concepts to describe the actual decision-making process in administration—'marginal incrementalism' and 'partisan mutual adjustment'.

**Etzioni's Mixed-Scanning Model** In his article *Mixed Scanning: A Third Approach to Decision-making* published in 1967, Amitai Etzioni has suggested an intermediate model that combines the elements of both rational comprehensive model (rationalism) and incremental model (incrementalism).

Etzioni broadly agrees with Lindblom's criticism of the rational model. However, he also says that incremental model is having two main drawbacks, viz. (a) it discourages social innovation, and is thus partisan in approach, and (b) it cannot be applied to fundamental decisions. Hence, he advocates a mixed scanning model.

**Dror's Optimal Model** Yehezkel Dror in his book *Public Policy-making Re-examined* suggests an optimal approach to policy making (decision-making) and policy analysis. He claims that his 'optimal model' is superior to all the existing normative models of decision-making and is a combination of economically rational model and extra-rational model.

Dror's optimal model is a rationalist model of policy-making. It has, according to Dror, five major characteristics, viz.

- (i) It is qualitative and not quantitative.
- (ii) It contains both rational and extra-rational elements.
- (iii) It is basic rational to economically rational
- (iv) It is concerned with metapolicy-making.
- (v) It contains a built-in feedback.

Dror says that the optimal model has three principal phases, that is, metapolicy-making, policy-making and post policy-making.

Dror advocates the speedy development of the policy science to adequately solve the critical problems of society. In his words, "Policy science can be partly described as the discipline that searches for policy knowledge, that seeks general policy issue knowledge and policy-making knowledge, and integrates them into a distinct study."

Policy issue knowledge is concerned with that knowledge which relates to a specific policy, while policy-making knowledge is concerned with the entire system of policy-making activity.

Dror, in the words of Rumki Basu, "pleads for the adoption of the best policy by a judicious evaluation of goals, values, alternatives, costs and benefits based on the maximum use of all available information and scientific technology. He even recommends extra-rational aids to facilitate effective policy analysis."

## COMMUNICATION

### Significance

Communication is an important principle of organisation and is essential for realising its objectives. Millet describes communication as the "blood stream of an administrative organisation". According to Pfiffner, communication is the "heart of management".

Chester Barnard remarked : "The first executive function is to develop and maintain a system of communication". He called it the foundation of co-operative group activity.

According to Peter Drucker, "good communication is the foundation for sound administration". Norbert Wiener said, "communication is the cement that makes an organisation". Terry observed : "communication serves as the lubricant, fostering the smooth operations of the management process".

### Definition

The word communication is derived from the Latin word communis which means common. Hence, communication means sharing of ideas in common.

**Keith Davis:** "Communication is the process of passing information and understanding from one person to another."

**Newton and Summer:** "Communication is an exchange of facts, ideas, opinions or emotions by two or more persons".

**Koontz and O'Donnell:** "Communication is an intercourse by words, letters, symbols or messages; and is a way that one organisation's member shares meanings and understandings with other."

**McFarland:** "Communication may be broadly defined as the process of meaningful interaction among human beings. More specifically, it is a process by which meanings are perceived and understandings are reached among human beings."

**M.W. Cunning:** "The word communication describes the process of conveying messages (facts, ideas, attitudes and opinions) from one person to another so that they are understood."

**Millet:** "Communication is the shared understanding of a shared purpose."

**Ordway Tead:** "The underlying aim of communication is the meeting of minds on common issues."

**Louis A. Allen:** "Communication is the sum of all the things one person does when he wants to create an understanding in the mind of another. It involves a systematic and continuous process of telling, listening and understanding."

**Chester Barnard:** "A communication that cannot be understood can have no authority."

**Peter Drucker:** "Communication is the ability of the various functional groups within an enterprise to understand each other and each other's functions and concerns."

Thus, the above definitions make it clear that the essence of communication is understanding information, not transmitting information.

## Types

Organisation communication has three aspects, viz. internal communication, external communication and inter-personal communication.

Internal communication is concerned with the relationship of the organisation with its employees. It can be *upward*, *downward*, and *across*.

Upward communication is concerned with the employees' relationship with the management. Downward communication is concerned with the management's relationship with the employees. The former consists of performance reports and work problems, while the latter consists of orders and directions. Across communication is concerned with relationships between co-equal authorities in an organisation. Thus, unlike the upward and downward communications which are vertical in nature, the across communication is horizontal in nature.

External communication deals with the relationship of the organisation with the public. Hence, it is known as 'public relations'. Inter-personal communication is concerned with the relationship among employees.

## Media

Media of communication are of three types namely audio, visual and audio-visual. Audio media is conferences, interviews, and so on. Visual media comprises circulars, reports, pictorial forms and others. Audio-visual media is television, sound-motion pictures, and so on.

The conference method of communication has attained popularity in public administration. This method avoids delay, reduces red-tape and minimises correspondence. According to Millet, the conference method

- (i) enables to gain awareness of a problem,
- (ii) helps in problem solving,
- (iii) enables to gain acceptance and implementation of decisions,
- (iv) promotes a sense of unity among the officials working in the organisation,
- (v) encourages an exchange of information among administrative personnel, and
- (vi) helps in appraising personnel.



## Theoretical Contributions

The contributions of the following scholars led to the growth of communication as an important aspect of organisational behaviour.

**Henry Fayol** He is the first administrative thinker to give a comprehensive analysis of the problem of communication in an organisation. He highlighted the importance of speedy communication and provided a meaningful solution in the form of 'gang plank'. This novel concept implies the system of horizontal communication to avoid delay in the disposal of business.

**Chester Barnard** He viewed organisation as a 'cooperative system' having three elements, viz. common purpose, willingness to contribute, and communication. Thus, he viewed communication as a vital dynamic of the organisational behaviour and believed that it is a major shaping force in the organisation. In his words, "The absence of a suitable technique of communication would eliminate the possibility of adopting some purposes as a basis of organisation. Communication techniques shape the form and the internal economy of an organisation."

**Herbert Simon** He defines communication as any process whereby decisional premises are transmitted from one member of the organisation to another. He says, "It is obvious that without communication there can be no organisation, for there is no possibility then of the group influencing the behaviour of the individual."

Like Barnard, Simon also stresses the informal channels of communication (also known as the 'grapevine') for the transmission of information. According to him, the informal communication system is built around the social relationships of the members of the organisation.

Simon highlighted the importance of informal channel of communication when he said, "the grapevine is valuable as a barometer of 'public opinion' in the organisation. If the administrator listens to it, it apprises him of the topics that are subjects of interest to organisation members, and their attitudes toward these topics."

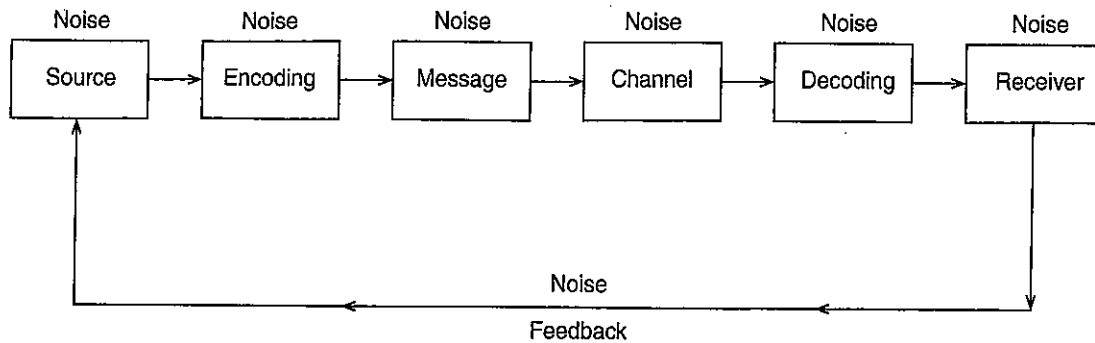
**Norbert Wiener** He pioneered in the field of 'cybernetics'. The word 'Cybernetics' is derived from the Greek term 'Kybernetes', meaning steersman or helmsman. This has greatly influenced the contemporary approach to communication.

Weiner says that organisational systems move in the direction of 'positive entropy', that is, the organisations have a natural tendency towards disorder, disintegration and self-destruction. This tendency of organisational systems can be arrested through methodical information processing. Thus, information is an antidote to positive entropy and enables the organisational systems to reach a state of 'negative entropy', that is, moving towards order and integration.

As observed by Hicks and Gullett, Wiener's "concepts of systems control by information feedback directly contributed to development of the electronic computer. He described an adaptive system (including an organisation) as utterly dependent upon measurement and correction through information feedback."

## Process

Claude Shannon and Warren Weaver developed the most widely used model of communication process. This model consists of eight components: (i) source, (ii) encoding, (iii) message, (iv) channel, (v) decoding (vi) receiver, (vii) feedback, and (viii) noise. This is shown in the diagram below:



**FIG. 4.2 Shannon and Weaver's Model of Communication Process**

- (i) The source is the initiator of communication, who wants to transmit his ideas, thoughts, needs, intentions or other pieces of information to another person.
- (ii) Encoding is a process in which the ideas to be conveyed are translated into a code or set of symbols or some other format of expression.
- (iii) The message is the actual physical product from the source-encoding. It represents the meaning which the source wants to convey.
- (iv) The channel is the medium through which the message transmits. It is the connecting link between the sender (the source) and the receiver.
- (v) Decoding is the process which translates the message into a form that can be understood by the receiver.
- (vi) Receiver is the person to whom the message is directed (conveyed).
- (vii) Feedback is the response from the receiver which enables the sender (the source) to determine whether the message was received and understood as originally intended.
- (viii) Noise includes those factors in each of the components of communication that reduces the accuracy or fidelity of message. Thus, it can occur at any stage in the communication process.

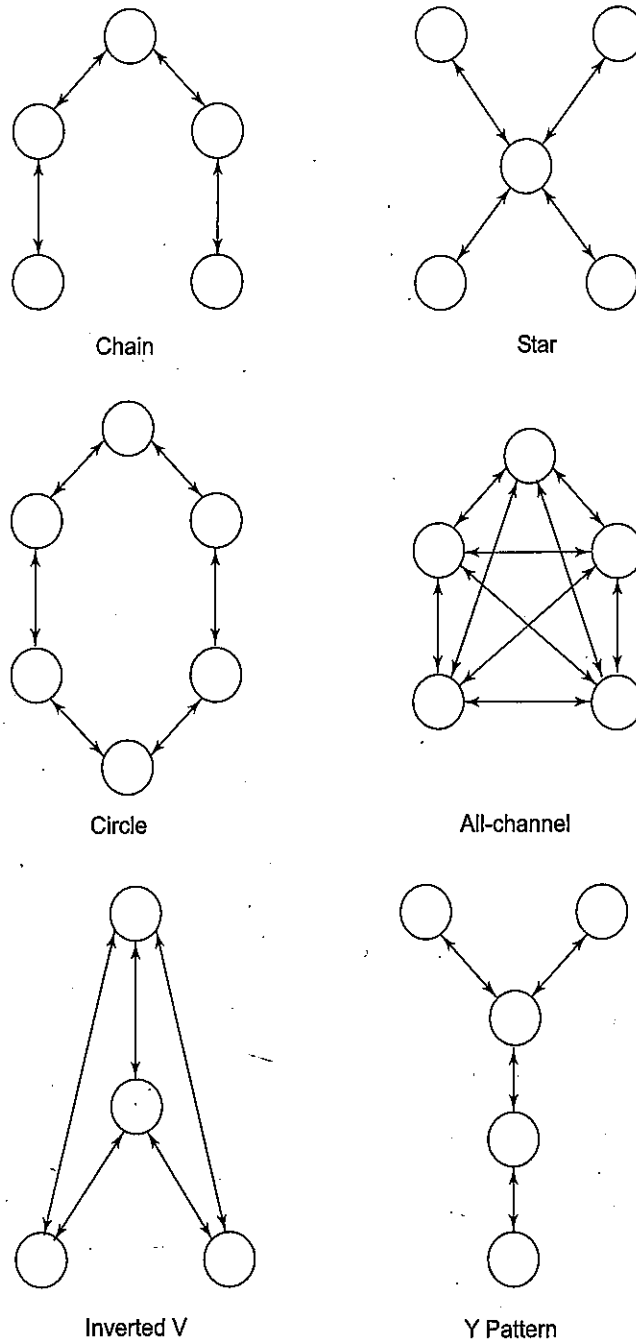
## Channels or Networks

The channels (also known as networks) of communication are of two types, viz. formal and informal. A formal channel of communication is deliberately established by management for the transmission, of official information. An informal channel of communication, on the other hand, is an unofficial channel and is the result of the operations of social forces at the workplace. It is also known as the 'grapevine' and supplements formal communication.

There are six types of formal communication networks, viz., chain, star, circle, all-channel, inverted V and Y. These are diagrammatically shown in Fig. 4.3.

- (i) Under the chain network, the information and message flows only up or down in a hierarchical chain of command. In other words, the chain network rigidly follows the formal chain of command in the organisation.
- (ii) Under the star network, the information and message flows among the group members through a leader, that is, the central point. In other words, the group members do not communicate with each other directly but rely on the leader to act as the central conduit. It is the most centralised type of formal communication network. It is also known as the 'wheel' network.
- (iii) Under the circle network, the group members interact with the adjoining members only. In other words, the information and message is transmitted laterally among the group members.
- (iv) Under the all-channel network, all the members of a group actively communicate with each other freely. It is the most decentralised type of formal communication network. It is also known as the 'completely connected' network.

- (v) Under the inverted V network, a sub-ordinate communicates with his immediate superior as well as second superior (that is, his superior's superior). However, the matters on which information and message can be sent in the second case are specified.
- (vi) Under the Y network, two sub-ordinates through the hierarchical chain communicate with a superior. In turn, the superior communicates with two superiors who are above him. This network is less centralized than the star network.



**FIG. 4.3** Types of formal Communication Networks

Keith Davis has investigated the phenomena of grapevine (informal communication) in organisations. He observed that the grapevine "cannot be abolished, rubbed out, hidden under the basket, chopped down, tied up, or stopped. If we suppress it in one place, it will pop up in another. If we cut off one of its source, it merely moves to another one—quite similar to the way we change from one channel to another on a television set.... In a sense, the grapevine is man's birthright, because wherever men congregate in groups, the grapevine is sure to develop."

He identified four types of grapevine networks, viz. single strand, gossip, probability and cluster. These are diagrammatically shown in Fig. 4.4.

- (i) Under the single strand network, the information passes from one to one, that is, one member communicates to another member who in turn communicates to another member, and so on.
- (ii) Under the gossip network, the member communicates non-selectively, that is, a member having information passes it on to everyone he meets.
- (iii) Under the probability network, information passes according to the law of probability, that is, one member communicates randomly with others who in turn communicate to some others.
- (iv) Under the cluster network, the information passes selectively, that is, one member communicates with only those members whom he trusts and they in turn pass it on to some other selected members.

According to Keith Davis, the cluster type of grapevine network is the most popular and widely prevalent in organisation.

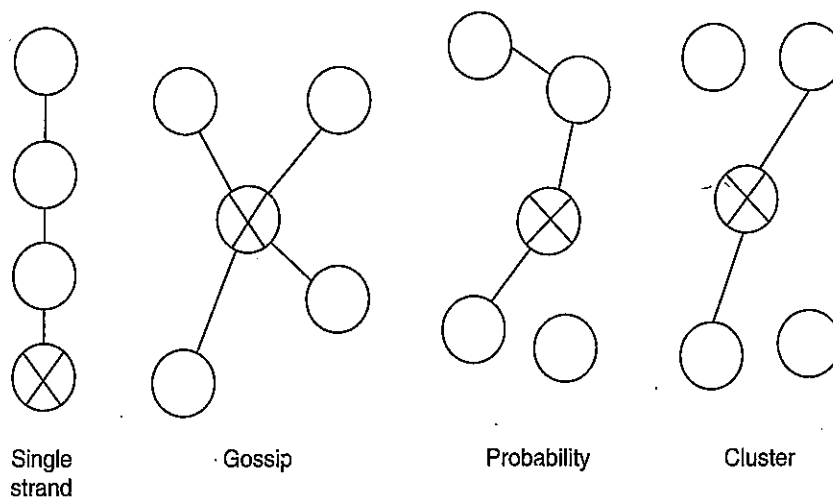


FIG. 4.4 Types of Informal Communication (Grapevine) Networks

## Barriers and Problems

The communication process in organisations face the following barriers and problems.

**Semantic Barriers** These barriers are concerned with the language difficulties. These occur due to the differences in the individual interpretations of words and symbols used in the process of communication. Rudolf Flesch in his article *More About Gobbledygook* (1945) observed "all official communications develop a curiously legalistic ring, humorously called 'Gobbledygook' language, which becomes impossible for a layman to understand. In a desire to be over-exact, over-abstract, and over-impersonal, official language can become quite curt and even disagreeable."

Similarly, Terry observed, "intentional words do not refer to something that can be pointed out. They neither always connote an identical meaning to different persons nor the same meaning to the same person at all times".

**Ideological Barriers** The members of the organisation do not share the same ideological perspectives and orientation. This affects the effective communication process. Pfiffner said, "Differences in background, education and expectation result in different social and political views. These are probably the greatest handicaps to effective communication and probably the most difficult to overcome."

**Filtering** It refers to the sender's purposeful and deliberate manipulation of information to be passed on to the receiver. It may be due to various factors. However, the extent of filtering is determined mainly by the number of levels in the organisation's structure. Thus, more the vertical levels in a hierarchy, the more scope for filtering and vice-versa.

**Dogmatism** This means that the attitudes, opinions and beliefs possessed by a person prevents him from accepting accurate and additional information as it conflicts with the current situation. This obviously affects the effective communication.

**Halo Effect** As explained by Hicks and Guilett, "The halo effect is the result of two-valued thinking. In this situation, we see things only as dichotomies—good and bad, right and wrong, white and black, and so forth... The danger here is that most situations are not dichotomous and, therefore, such thinking may oversimplify most real situations."

**Stereotyping** This means that the content of communication is determined by the expectations due to inadequate distinctions of objects or events. This interferes with effective communication.

**Other Barriers** In addition to the above, the communication process is affected by the following factors:

- (i) Lack of will to communicate due to the attitudes of superiors.
- (ii) Absence of definite and recognised means of communication.
- (iii) The size of the organisation and distance between members.
- (iv) Cultural barriers.
- (v) Feedback barriers.

## Elements or Principles

Millet identified seven elements (essentials or principles) of effective communication. These are:

1. Clarity — communication should be clearly and precisely stated.
2. Consistency — communication should be consistent with the expectations of the receiver.
3. Adequacy — information in the communication should be sufficient, neither over-burdening nor too little.
4. Timeliness — communication should be timely, neither too late nor too early.
5. Uniformity — communication should be uniform (and not discriminatory) for all those who are supposed to behave similarly.
6. Flexibility — communication should not be rigid either in the form or character.
7. Acceptability — communication should stimulate acceptance and positive response in the receiver.

According to Terry, the following eight factors make the communication effective.

- (a) Inform yourself fully.
- (b) Establish a mutual trust in each other.
- (c) Find a common ground of experience.
- (d) Use mutually known words.
- (e) Have regard for context.
- (f) Secure and hold the receiver's attention.
- (g) Employ examples and visual aids.
- (h) Practice delaying reactions.

The newly developed Management Information System (MIS) has improved the organisation communication. The MIS means the application of information technology to the communication process in organisations. It involves generating, processing and transmitting information. It assists the managers in problem-solving, decision-making, and strategic planning.

## CONTROL

Control is essential in every organisation to ensure the achievement of predetermined goals. It helps the organisation in maintaining its equilibrium position. It would set right the deviations in organisational functioning. Thus, it ensures the success of organisation.

### Definition

**Henri Fayol** "Control consists in verifying whether everything occurs in conformity with the plans adopted, the instructions issued, and principles established."

**Newman and Summer:** "The aim of control is to assure that the results of operations conform as closely as possible to established goals."

**Peter Drucker** "Control maintains the equilibrium between ends and means, output and effort."

**G.R. Terry:** "Controlling is determining what is being accomplished, that is, evaluating the performance and, if necessary, applying corrective measures so that the performance takes place according to plan."

**Koontz and O'Donnell:** "Controlling is the measurement of accomplishment against the standards and the correction of deviations to assure attainment of objectives according to plans."

**J.L. Massie:** "Control is the process that measures current performance and guides it towards some predetermined goals."

To sum-up, control means checking and verifying actual performance against established standards to ensure adequate progress and satisfactory results.

### Process

The process of control consists of four steps or basic elements. These, in the order, are:

**1. Establishment of Standards** The control process begins with the setting of standards of performance. It involves the stating of expected results in clear terms and informing the same to the organisational members. The performance standards are expressed in terms of quantity, quality, money and time. They should be precise, accurate, flexible, and acceptable.

**2. Measurement of Performance** After the performance standards are laid, the next step in the control process would be the appraisal of performance. It involves the measurement of the actual performance of individuals or groups in units in which standards are laid. It must be intelligible, accurate, reliable, and objective. It is based on the necessary information which is collected about performance particulars.

**3. Comparison** The third step in the control process is the comparison of actual performance with the established standards. This is necessary to find out the extent, nature, causes, and consequences of deviations. The reasons for deviations could be procedural, personal, structural, financial, external and so on.

**4. Corrective Action** The last step in the control process is taking the appropriate corrective action by the management. By this, the management ensures that the deviations do not occur again and the actual operations conform to the established standards.

For control to be effective, it must be objective, timely, flexible, simple, minimal, suitable, prompt, forward-looking, intelligible, economical, and selective.

## Techniques

The various techniques (methods or devices) of control are explained below:

**1. Personal Observation** This is the oldest technique of control. Under this, the supervisor personally observes the operations at the work place and applies correction whenever the need arises. However, it is a time-consuming device.

**2. Control Reports** The statistical control reports are prepared in quantitative terms to measure the variations from standards. Moreover, the special control reports are used to investigate a particular operation for particular purpose.

**3. Management by Exception (MBE)** Under this technique, only the exceptional deviations are reported to the top management for necessary corrective action. It is also known as control by exception. It is a time-saving device and also identifies critical problems. Taylor suggested this technique of control under scientific management.

**4. Management by Objectives (MBO)** This technique was introduced by Peter Drucker through his famous book, *The Practice of Management* (1954). In the words of George Odinoine, "The system of management by objectives can be described as a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members."

**5. Management Information System (MIS)** This technique helps the managers in problem-solving, decision-making and strategic planning. It assists in reviewing actual performance and devising corrective action. Hence, it enables the management to have better control over operations.

**6. Management Audit** It is a systematic, independent, and comprehensive examination of the activities of all levels of management for the purpose of increasing the attainment of organisational objectives through improvements in the performance of the management functions. It is also called operational audit.

**7. Performance Evaluation and Review Technique (PERT)** This technique was developed in the 1950s by Booz, Allen, and Hamilton. It is used in designing, planning, and controlling projects. It is a diagrammatic representation of the sequential relationships among the tasks which must be completed to accomplish the project.

**8. Critical Path Method (CPM)** Like PERT, it is also used in designing, planning, and controlling projects. But, in this, the activities which are most critical to the completion of the project are identified. Moreover, it is concerned more with the cost dimension of the project completion while PERT is more concerned with the time dimension.

**9. Performance Appraisal** Under this, a periodical information about actual work performance by a member of the organisation is collected and analysed to verify whether his performance is going along the established standards. Apart from adopting corrective measures, it also entails the promotion of good personnel practices to motivate the members.

**10. Budgetary Control** This technique uses budget as a means of planning and controlling organisational operations. It is a process of finding out what is being done and comparing these results with the corresponding budget data. Budgets used for control are of different types viz., zero-based budget, performance budget, PPBS (Planning-programming budgeting-system) and so on.

## **Theoretical Contributions**

**1. Classical Thinkers** Classical thinkers like Taylor, Fayol, Gulick, Urwick, Weber and others advocated that control in the organisation should be concentrated at the top level. Further, they assumed that people in the organisation dislike work and tend to be irresponsible. Hence, they asserted that most people must be controlled to get them to put forth adequate effort towards the attainment of organisational goals. They also suggested that control should be coercive, directive, punitive, static, and rigid in nature. In brief, they believed in man-control, super-imposed control, external control and central control.

**2. M.P. Follett** Unlike classical thinkers, Follett gave importance to situational factors in organisational behaviour. She advocated 'fact-control' rather than 'man-control' as facts vary from situation to situation. Further, she felt that control in the organisation should be pluralistic and cumulative as complex situations do not facilitate central control.

**3. Behaviouralists** Elton Mayo, Chester Barnard, Herbert Simon, Douglas McGregor, Rensis Likert, and Chris Argyris did not agree with the classical thinkers and support the ideas of M.P. Follett on control. They viewed organisational order as a situational phenomena and not as imposed from the top. Moreover, they assumed people in the positive sense, that is, people do not inherently dislike work and tend to be responsible. Hence, they asserted that control is not the only means of bringing about effort towards organisational goals. People exercise self-direction and self-control in the services of the goals to which they are committed. Obviously, control should be non-coercive, non-directive, rewarding (non-punitive), variable and flexible in nature. In brief, they believed in fact-control, self-control, internal control, and pluralistic control.

**4. Amitai Etzioni** He classified the means of control applied by an organisation into three analytical categories: physical, material, and symbolic. Control based on application of physical means (like use of a gun, a whip or a lock and the threat to use physical sanctions) is ascribed to as coercive power. The use of material means (goods and services) for control purposes constitutes utilitarian power. The use of symbols for control purposes is referred to as normative power. The symbols are of two types, that is, normative symbols like prestige and esteem and social symbols like love and acceptance. According to him, "normative power tends to generate more commitment than utilitarian, and utilitarian more than coercive. In other words, the application of symbolic means of control tends to convince people, that of material means tends to build up their self-oriented interest in conforming, and the use of physical means tends to force them to comply".

## **LEADERSHIP THEORIES**

### **Meaning**

Leadership is indispensable for the successful functioning of an organisation and attainment of its goals and objectives. Keith Davis observed, "without leadership, an organisation is but a muddle of men and machines... Leadership transforms potential into reality. It is the ultimate act which brings to success all the potential that is in an organisation and its people."



As rightly stated by Hicks and Gullett, "the terms 'leader' and 'manager' are not necessarily interchangeable because leadership is a sub-class of management... a leader needs to influence the behaviour of others. He is not necessarily required to perform all the functions of a manager." Thus, the hall-mark of leadership is the capacity to influence others to follow.

## Definition

**Dimock and Dimock:** "Leadership is not power, dominance, social superiority, or anything suggestive of snobbery. Leadership is influence on people, not power over them."

**Robert Tannenbaum:** "Leadership is the interpersonal influence exercised in a situation and directed, through the communication process, towards the attainment of a specialized goal or goals."

**F.A. Nigro and L.G. Nigro:** "The essence of leadership is influencing the actions of others; the essential quality of leaders is that they are convinced something must be done, and they persuade others to help them to get it done."

**Warren Bennis:** "The single defining quality of leaders is their ability to create and realize a vision."

**M.P. Follett:** "A leader is not the President of the organization or head of the department but one who can see all around a situation and understands how to pass from one situation to another."

**James Rost:** "Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes."

**Wendell French:** "Leadership is the process of influencing the behaviour of others in the direction of a goal or set of goals or, more broadly, towards a vision of the future."

**Keith Davis:** "Leadership is the ability to persuade others to seek defined objectives enthusiastically."

**Koontz and O'Donnell:** "Leadership is the activity of persuading people to cooperate in the achievement of a common objective."

**Terry:** "Leadership is the activity of influencing people to strive willingly for mutual objectives."

**Seckler Hudson:** "Leadership in large organisations may be defined as influencing and energizing people to work together in a common effort to achieve the purposes of the enterprise."

**Barnard:** "Leadership refers to the quality of the behaviour of individuals, whereby they guide people in their activities in an organised effort."

**Mooney:** "Leadership is the form that authority assumes when it enters into process."

## Nature

The nature of leadership is explained by the following writers.

**L.A. Allen** He differentiated between personal leadership and management leadership. Thus, he stated "A person is born with the talent for personal leadership; he must learn management leadership."

**Chester Barnard** According to him, leadership depends upon three things, that is, the individual, the followers, and the conditions.

**M.P. Follett** She says that the leader not only influences his group but is also influenced by it. She called this reciprocal relationship 'circular response'. She observed, "We should think not only of what the leader does to the group, but also of what the group does to the leader."

She distinguished between the following three types of leadership.

- (i) Leadership of position, that is, the leader holds a position of formal authority.
- (ii) Leadership of personality, that is, the leader holds forceful personal qualities.
- (iii) Leadership of function, that is, the leader holds both position and personality.

Follett commented that only those people who possess functional knowledge, lead in the modern organisations and not those who possess formal authority or personality. She wrote, "the man possessing the knowledge demanded by a certain situation tends, in the best managed business and other things being equal, to become the leader at that moment."

Thus, leadership goes to a person who possess the knowledge of the situation irrespective of rank in the organizational hierarchy. For instance, Follett says a store clerk can tell the man-in-charge of purchasing when to act (that is, when to buy a commodity) and a dispatch clerk can give orders to a superintendent. She believes that the leadership of function is more important than the leadership of position and leadership of personality.

**Millet** He states "Leadership is often made or broken by circumstance." According to him, the essential circumstances of leadership are two fold, that is, political and institutional. The political conditions of administrative leadership means the need to be responsive to external political direction and control. The institutional conditions of leadership, on the other hand, means the need to be responsive to the requirements of internal operation of keeping an administrative agency in actual running order.

**Katz and Kahn** They say that "the essence of leadership... has to do with influential increment which goes beyond routine and taps bases of power beyond those that are organisationally decreed."

## Sources of Influence

John French and Bertram Raven have proposed five sources of leader's influence or power bases of leadership. These are:

**1. Coercive Power** It is based on fear. It is the capacity of the leader to punish his followers for not performing the assigned tasks, for example, suspension, salary reduction, demotion and so on.

**2. Reward Power** It is the opposite of coercive power. It is the ability of the leader to positively recognize his followers and provide them appropriate rewards. These rewards could be monetary or non-monetary.

**3. Legitimate Power** It comes from the position of the leader in the organizational hierarchy. The followers feel the obligation of accepting the leader's authority. For example, a manager has more legitimate power than a supervisor.

**4. Expert Power** It is derived from the knowledge, special skill, specific expertise or critical information possessed by the leader. The possession of these attributes enables the leader to gain respect and compliance of the followers.

**5. Referent Power** It is based on the personal attraction that a leader holds for his followers. The followers identify with the leader and see him as their role model.

Bernard Bass has grouped the coercive power, reward power and legitimate power under the category of position power and that of expert power and referent power under the category of personal power. The position power is deduced from the organizational structure while the personal power is derived from the individual qualities of the leader, regardless of his position in the organisation.

## Styles

The behaviour exhibited by a leader during supervision of subordinates is known as leadership style. There are three basic styles of leadership, viz. autocratic, democratic and *laissez faire*.

**Autocratic Style** This is also known as authoritarian or directive style of leadership. In this style, the entire authority is concentrated in the hands of the leader. He decides all policies. He gives orders to subordinates and demands complete obedience from them. He withholds rewards or gives punishment. Figure 4.5 explains this style.

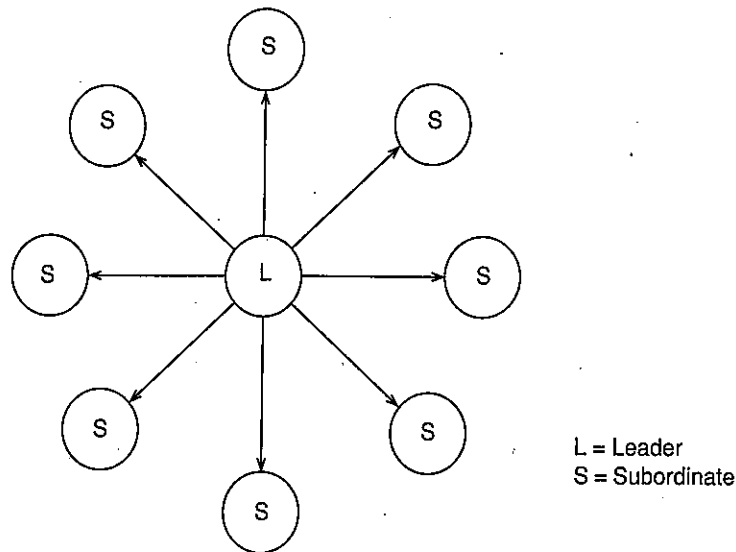


FIG. 4.5 Autocratic Style of Leadership

**Democratic Style** Also known as participative style of leadership, in this style, the leader allows the subordinates to participate in the decision-making process. All policies and decisions are arrived at through such group discussions. The communication flows freely and is multi-directional. This style became popular during the era of human relations (neo-classical) approach to administration. Figure 4.6 explains this style.

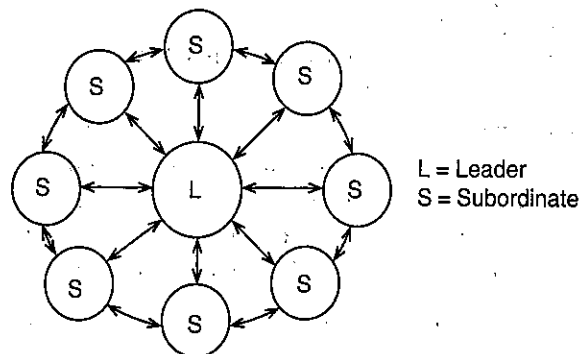
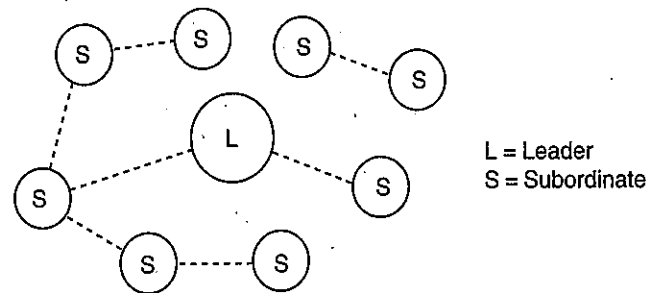


FIG. 4.6 Democratic Style of Leadership

**Laissez Faire Style** It is also known as free rein style of leadership. In this style, the leader gives complete independence to the subordinates in their operations. He allows them to set their own goals and achieve them. In other words, this style involves complete freedom for group or individual decision with no or minimum participation of the leader. His only job is to supply various materials and information asked by the subordinates. Figure 4.7 explains this style.



**FIG. 4.7** Laissez Faire Style of Leadership

## Functions

The functions of leadership in an administrative organisation are analysed by the following thinkers and writers.

**Philip Selznick** According to him, the functions of organisational leadership includes the following:

- (i) The definition of institutional mission and role, that is, setting organisational goals and formulating policies.
- (ii) The institutional embodiment of purpose, that is, helping the meaning of policy to percolate down to lower levels of the organisation.
- (iii) The defence of institutional integrity, that is, maintaining the core values and distinctive identity of the organisation.
- (iv) The ordering of internal conflict, that is, maintaining balance of power among competing interests in the organisation.

**Hicks and Gullet** They identified the following eight functions of a leader:

- (i) Supplying organisational objectives to the members.
- (ii) Arbitrating on disagreements among organisational members.
- (iii) Catalising to arouse the subordinate to action.
- (iv) Suggesting ideas to subordinates.
- (v) Inspiring subordinates to work effectively towards accomplishment of organisational goals.
- (vi) Praising subordinates to satisfy their recognition and esteem needs.
- (vii) Providing security to followers when they face problems.
- (viii) Representing the organisation before others and serving as a symbol of the organisation.

**Chester Barnard** He states that a leader performs the following four functions:

- (i) Determination of objectives,
- (ii) Manipulation of means,
- (iii) Control of the instrumentality of action, and
- (iv) Stimulation of coordinated action.

**Follett** According to her, a leader should perform the following three main functions:

- (i) Coordination.
- (ii) Definition of purpose.
- (iii) Anticipation.

**Peter Drucker** He mentioned the following functions of leadership:

- (i) Lifting of man's vision to higher sights.
- (ii) Raising of man's performance to higher standards.
- (iii) Building of man's personality beyond its normal limitations.

**F.E. Fiedler** He identified the following two functions of leadership:

- (i) Directing group activities.
- (ii) Co-ordinating group activities.

**Pfiffner and Sherwood** According to them, a leader is the modifier of organizational behaviour. They commented: "Get the right man in the leadership job, and all your problems will be solved".

## Qualities

The list of leadership qualities enumerated by various thinkers is given below.

**Chester Barnard** He says that a leader should have the following four qualities (in that order of importance):

- (i) Vitality and endurance.
- (ii) Decisiveness.
- (iii) Persuasiveness.
- (iv) Responsibility and intellectual capacity.

Barnard kept intellectualism as the fourth leadership quality in the order of importance, because he believes that it hinders responsibility and decisiveness in the leader.

**Paul H. Appleby** According to him, a good administrator

- (i) has willingness to assume responsibilities,
- (ii) demonstrates continuing personal growth,
- (iii) is disposed towards action,
- (iv) is a good listener who asks pointed questions,
- (v) works well with all sorts of people,
- (vi) seeks to obtain most able subordinates,
- (vii) uses institutional resources—does not try to do it all and know it all himself,
- (viii) cares for power only as it contributes to effectiveness—chiefly as a reserve asset,
- (ix) has self-confidence and so is ready to admit his limitations and errors,
- (x) is hospitable to bad news as well as good,
- (xi) respects subordinates as much as superiors,
- (xii) constantly seeks to improve institutional performance, and
- (xiii) respects political processes and responsibilities in democratic governments.

Further, an administrator (leader) must have a 'governmental sense' and a 'political sense'.

**Millet** The leadership qualities include, "Good health, a sense of mission, interest in other people, intelligence, integrity, persuasiveness, judgement and loyalty."

**Terry** The leadership qualities are, “energy, emotional stability, knowledge of human relations, personal motivation, communicative skills, teaching ability, social skill, and technical competence.”

## Theories or Approaches

There are three theories of (approaches to) leadership, viz. trait theory, behavioural theory and situational theory.

**Trait Theory** This theory says that a person becomes a leader because of the traits possessed by him. It is concerned with identifying the personality traits of leaders.

The trait theory in the beginning assumed that leaders are born and are not made. This came to be popularly known as the ‘greatman theory’ of leadership. Later, the behavioural studies revealed that the leadership traits are not totally in-born but can also be acquired through learning and experience.

The important advocates of this theory are Chester Barnard, Ordway Tead, Millet, Terry, Appleby and Schell.

Though popular during 1900–1940, the trait theory has been *criticised* on the following grounds.

- (i) It failed to provide a common (universal) list of leadership traits. There has been a wide variation in the traits being identified by different scholars.
- (ii) It does not indicate the comparative (relative) importance of different traits.
- (iii) It fails to consider the fact that most or all the traits attributed to leaders are also possessed by many who are not leaders.
- (iv) It does not distinguish between the traits needed for acquiring leadership and necessary for maintaining it.
- (v) It ignores the needs of subordinates (followers).
- (vi) It does not recognise the influence of situational factors on leadership.

**Behavioural Theory** Unlike the trait theory which concentrated on what leaders ‘are’, the behavioural theory concentrates on what leaders ‘do’. The behavioural researchers sought to find out what the leaders do, how they lead, how they behave, how they motivate subordinates, how they communicate, and so on. They concentrated on leadership functions and styles. The following table gives the details of various contributions to the growth of behavioural theory of leadership.

**Table 4.2 Behavioural Theories of Leadership**

<i>Studies/Models, Years and Persons Associated</i>	<i>Identified Leadership Styles/Variables</i>	<i>Most Effective Leadership Style</i>
1. Iowa University Leadership Studies, Late 1930s, Kurt Lewin, Ronald Lippitt & Ralph White.	Authoritarian, Democratic and <i>Laissez faire</i> .	Democratic style.
2. Ohio State University Leadership Studies, 1945, E.A. Fleishman, E.F. Harris and H.E. Burt.	Initiating Structure (Directive Type) and Consideration (Participative Type)	A combination of high initiating structure and high consideration.
3. Michigan University Leadership Studies, 1946, Rensis Likert and his associates.	Production-centred and Employee-centred	Employee-centred leadership.

(Contd)

Table 4.2 (Contd)

<i>Studies/Models, Years and Persons Associated</i>	<i>Identified Leadership Styles/Variables</i>	<i>Most Effective Leadership Style</i>
4. Four Systems of Management Leadership, 1961, Rensis Likert.	System 1 (Exploitative Authoritative), System 2 (Benevolent-Authoritative), System 3 (Consultative), System 4 (Participative Group or Democratic).	System 4 (Participative Group or Democratic Style).
5. Managerial Grid, 1964, Robert Blake and Jane Mouton. It is renamed as Leadership Grid in 1991 by Robert Blake and Anne Adams McCauley.	Five styles of leadership, i.e. (i) Impoverished (low concern for production and for people), (ii) Country Club (low concern for production and high concern for people), (iii) Task (high concern for production and low concern for people), (iv) Middle of the Road (moderate concern for production and for people), (v) Team (high concern for production and for people)	Team leadership (high concern for both production & people).

**Situational Theory** Both trait and behavioural theories failed to provide an overall and satisfactory theory of leadership as they ignored the situational factors in determining the effectiveness of leadership. Hence, research scholars turned their attention to the situational dimension of leadership. They asserted that the leadership effectiveness is determined by the various situational factors in addition to the traits and behaviour of the leader himself.

This theory believes that the leadership is influenced by situational variables and thus differs from situation to situation. It views leadership in terms of a dynamic interaction between a number of situational variables like the leader, the followers, the task situation, the environment and so on. Thus, leadership, according to this theory, is multi-dimensional. The following table gives the details of various contributions of scholars to the growth of situational theory of leadership.

Table 4.3 Situational Theories of Leadership

<i>Theories, Years and Propounders</i>	<i>Situational Variables and Leadership Styles</i>
1. Continuum of Leadership Behaviour or Styles, 1958, revised in 1973, Robert Tannenbaum and Warren Schmidt.	The leader can choose the leadership style based on the forces (i) in himself, (ii) in his subordinates, and (iii) in the situation. The two ends of the continuum consisting of a range of styles/behaviour are Boss-Centred Leadership and Subordinate-Centred Leadership.
2. Contingency Model of Leadership Effectiveness, 1967, Fred E. Fiedler.	The effectiveness of the leader is contingent upon (i) the leader-member relations, (ii) the task structure, and (iii) the leader's position power. He used two scales: (i) Least Preferred Co-worker (LPC) scale, and (ii) Assumed Similarity Between Opposites (ASO) scale and identified two basic styles of leader behaviour: task-oriented and human relations-oriented. He discovered that in extreme unfavourable or extreme favourable situations, the task-oriented leader is more effective and in moderately unfavourable or moderately favourable situations, the human relations-oriented leader is more effective.

(Contd)

Table 4.3 (Contd)

Theories, Years and Propounders	Situational Variables and Leadership Styles
3. Path-Goal Theory of Leadership Effectiveness, 1970-71, Martin Evans and Robert House.	This theory is based upon the expectancy theory of motivation. The effectiveness of leadership styles (Directive, Supportive, Participative and Achievement-oriented) is contingent upon two factors (i) characteristics of subordinates; and (ii) environmental pressures.
4. Three Dimensional Model of Leadership Effectiveness, 1970, William Reddin.	In his Model, Reddin uses three dimensions of task-orientation, relationship-orientation, and the effectiveness and identifies four effective and four ineffective styles of leadership based on the situation. The effective styles are executive, developer, benevolent autocratic, and bureaucrat; and the ineffective styles are compromiser, missionary, autocrat, and deserter.
5. Decision Participation Model. Also known as Leader-Participation Model, Normative Model and Leadership-Decision Theory, 1973, Victor Vroom and Phillip Yetton.	Three variables affect the performance of the leader in terms of his capacity as a decision-maker: (i) quality of the decision, (ii) degree of acceptance of the decision by subordinates, and (iii) time required to make the decision. This model identified five styles of leadership that represents a continuum from authoritarian approaches (AI, AII) to consultative approaches (CI, CII), to a fully participative approach (G II).
6. Life Cycle (later termed the Situational) approach to leadership, Paul Hersey and Keneth Blanchard.	The model focuses on the level of 'maturity' of the followers as a contingency variable affecting the styles of leadership (Telling, Selling, Participating, and Delegating).

## THEORIES OF MOTIVATION (MASLOW AND HERZBERG)

### Meaning

The term 'motivation' is derived from the Latin word 'movere' meaning 'to move'. In the organisational context, motivation implies a basic psychological process. Rensis Likert views motivation as "the core of management".

### Definition

**Fred Luthans:** "Motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive."

**Koontz and O'Donnel:** "Motivation is a general term applying to the entire class of drives, desires, needs, wishes, and similar forces that induce an individual or a group of people to work."

**Beralson and Steiner:** "A motive is an inner state that energises, activates or moves (hence motivation) and that directs or channels behaviour towards goals."

**Morgan:** "Motivation is a general term referring to behaviour instigated by needs and directed towards goals."



Thus, motivation is a psychological process which energises and activates individual to achieve his formulated goals.

## Theories/Models

There are two categories of motivation theories, that is, content and process.

While making a distinction between the two, Fred Luthans observes, "The content theories are concerned with identifying the needs/drives that people have and how these needs/drives are prioritised. The process theories, on the other hand, are more concerned with cognitive antecedents that go into motivation or effort and, more important, with the way they relate to one another."

Similarly, J.S. Chandan observes, "the content theories attempt to determine and specify drives and needs that motivate people to work, and process theories attempt to identify the variables that go into motivation and their relationship with each other."

Thus, the content theories deal with 'what' motivates people at work, while the process theories deal with 'how' motivation occurs.

The theories propounded by Maslow, McGregor, Herzberg and Alderfer are the important content theories of motivation while the theories propounded by Victor Vroom, Porter-Lawler, Stacy Adams and Harold Kelley are the important process theories of motivation. The various theories of motivation are explained below.

**Traditional Theory** The Traditional Theory of Motivation is also known by three other names: (a) Monistic Theory of Motivation, (b) Economic Theory of Motivation, and (c) Carrot and Stick Approach to Motivation.

The traditional theory explains human motivation in terms of economic factors only, that is, it assumes each worker as a classical 'economic man' who is interested in maximising his monetary income. Thus, this theory says that people produce more by working harder when adequate material rewards are available or when there is a strong fear of punishment (e.g. withdrawing rewards) in case of non-performance.

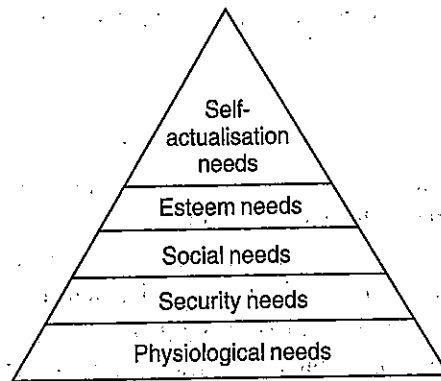
F.W. Taylor, the father of scientific management theory, was the first major exponent of this approach and later on, all the classical thinkers supported this theory.

However, this theory came to be criticised by the human relationists and behaviouralists on the ground that it has over-simplified and underestimated human motivation by neglecting the non-economic factors, that is, socio-psychological factors. Chester Barnard observed "It seems to me to be a matter of common experience that material rewards are ineffective beyond the subsistence level excepting to a very limited proportion of men; that most men neither work harder for more material things; nor can be induced thereby to devote more than a fraction of their possible contribution to organisational effort."

**Maslow's Hierarchy of Needs** Abraham Maslow in his classic paper *A Theory of Human Motivation* (1943) propounded the 'Need Hierarchy' theory of human motivation. His popular book *Motivation and Personality* was published in 1954.

Maslow's Need Hierarchy is the first systematic conceptual model of human motivation. He explained that human needs influence human behaviour. He, being a psychologist, understood human behaviour through psycho-analysis.

Maslow's need hierarchy concept consists of five levels of human needs arranged in an ascending order. This is shown in Fig. 4/8.



**FIG. 4.8 Maslow's Hierarchy of Needs**

1. Physiological needs (biological needs) like hunger, thirst, sex, sleep.
2. Security needs (safety needs) like protection against natural calamities, threat, danger.
3. Social needs (love needs) like belongingness to groups, family, friendship.
4. Esteem needs (ego needs), which can be divided into two groups namely achievement needs like self-confidence, independence, competence; and recognition needs like status, importance, appreciation.
5. Self-actualisation needs like self-fulfilment, realisation of one's potential, creativity. The term 'self-actualisation' was first coined by Kurt Goldstein.

Maslow divided these needs into lower order needs viz. physiological, security, and social and higher order needs, viz. esteem and self-actualisation.

According to Maslow, human beings usually strive to satisfy their physiological needs first. Once, these are satisfied, they no longer motivate human behaviour. People then, are motivated by the next higher order needs; that is, security needs. Like this, human beings strive to satisfy their needs in the sequential order and in a step-by-step manner. Thus, the prepotency (urgency) of a satisfied need decreases and another unsatisfied need emerges to replace it. However, satisfaction is a relative term, that is, the emergence of needs is a gradual phenomenon, not sudden. Moreover, the hierarchy of needs is not as rigid as it is implied in the concept and needs are not watertight compartments. Thus, human needs are inter-dependent, interrelated and overlapping and human behaviour is multi-motivated.

Maslow's theory, though a phenomenal contribution to motivation theory, has been *criticised* by the following critics.

- (i) Lawler, Suttle and Porter in their research studies found that human needs do not conform to a hierarchy as suggested by Maslow. Hall and Nougaim also agreed to this.
- (ii) Cofer and Appley criticised Maslow's concept of self-actualisation as being vague, loose and inadequate.
- (iii) Wabha and Birdwell in their research found that human beings have two primary cluster of needs viz. deficiency needs and growth needs, instead of five needs as advocated by Maslow.
- (iv) According to Michael Nash, Maslow's theory, though interesting, is not valid. He observes, "the problem with Maslow's need hierarchy is that it cannot be turned into a practical guideline for managers who are trying to make people productive."
- (v) Bass and Barrelet say that Maslow's hierarchy of needs theory has been most popular and most interesting than true.

**Herzberg's Two-Factor Theory** Fredrick Herzberg's two-factor theory of motivation is also known as motivation-hygiene theory or motivation-maintenance theory. His books are:

1. *The Motivation to Work* (1959). This is written in collaboration with B. Mausner and B Snyderman.
2. *Work and the Nature of Man* (1966).
3. *Managerial Choice : To Be Efficient and To be Human* (1976).

In addition to these, Herzberg also published the following two articles:

1. One more time : How do you motivate employees ? (1968).
2. Job enrichment pays off (1969), along with W J Paul and K B Robertson (Jr).

Herzberg interviewed two hundred engineers and accountants, who represented a cross section of Pittsburg Industry to find out the factors which are responsible for motivation. He used the critical incident method of obtaining data for analysis. He asked them about events they had experienced at work which, either had resulted in a marked improvement in their job satisfaction, or had led to a marked reduction in job satisfaction.

Herzberg found that the set of factors involved in the job satisfaction events were entirely different from the set of factors involved in the job dissatisfaction events. He called the former set of factors as 'satisfiers' (motivators or growth factors or intrinsic factors) and the latter set of factors as 'dissatisfiers' (hygiene factors or maintenance factors or extrinsic factors). These are mentioned below in Table 4.4.

**Table 4.4 Herzberg's Two-factor Theory**

<i>Hygiene Factors</i>	<i>Motivators</i>
Company policy and administration	Achievement
Supervision (Technical)	Recognition
Salary	Work itself
Interpersonal relations (Supervisor)	Responsibility
Working conditions	Advancement
Relationship with peers	Growth
Personal life	
Relationship with subordinates	
Status	
Security (Job)	

According to Herzberg, these two sets of factors have two separate themes. The motivators describe man's relationship to what he does (his job content). In other words, they are related to the nature of work and are thus intrinsic to the job itself. They are effective in motivating the individual to superior performance and effort. Thus, they do not cause dissatisfaction with their absence while, their presence brings satisfaction. The hygiene factors, on the other hand, describe man's relationship to the context or environment in which he does his job. In other words, they are related to the surrounding or peripheral aspects of the job and are thus, extrinsic to the job. They do not motivate the individual to a better performance and effort. They serve primarily to prevent job dissatisfaction and maintain status quo. Thus, they cause dissatisfaction with their absence while their presence do not bring satisfaction. As summarised by Fred Luthans, "In effect, they bring motivation up to a theoretical zero level and are a necessary floor to prevent dissatisfaction, and they serve as a take-off point for motivation. By themselves, the hygiene factors do not motivate."

Herzberg used the term 'hygiene' in an analogy to the medical use of the term meaning 'preventive and environmental'. In other words, he called the 'dissatisfiers' as the 'hygiene' factors because they act in a manner analogous to the principles of mental hygiene. Hygiene is not curative but preventive.

According to Herzberg, hygiene factors lead to job dissatisfaction because of a need to avoid unpleasantness. The motivators, on the other hand, lead to job satisfaction because of a need for growth or self-actualisation. In his words, "At the psychological level, the two dimensions of job attitudes reflected a two-dimensional need structure; one need system for the avoidance of unpleasantness and a parallel need system for personal growth."

Herzberg said that man's basic needs can be depicted as two parallel arrows pointing in opposite directions.

Animal – Adam: Avoidance of pain from environment.

Human – Abraham: Seeking growth from tasks.

One arrow depicts his Animal-Adam nature, which is concerned with avoidance of pain stemming from the environment. The other arrow represents man's Human-Abraham nature, which is concerned with approaching self-fulfilment or psychological growth through the accomplishment of tasks.

Herzberg's two-factor theory of motivation can be summarised in the following way.

- (i) The factors involved in producing job satisfaction are separate and distinct from the factors that lead to job dissatisfaction.
- (ii) The opposite of job satisfaction is not job dissatisfaction, but rather no job satisfaction.
- (iii) Similarly, the opposite of job dissatisfaction is no job dissatisfaction, not job satisfaction.

Thus, motivators are mainly unipolar i.e. they contribute very little to job dissatisfaction. Conversely, the hygiene factors contribute very little to job satisfaction.

Herzberg has divided people working in organisations into two categories called 'hygiene seekers' and 'motivation seekers'. Their characteristics are mentioned in Table 4.5.

**Table 4.5** Characteristics of Hygiene and Motivation Seekers

<i>Hygiene Seeker</i>	<i>Motivation Seeker</i>
1. Motivated by nature of the environment.	Motivated by nature of the task.
2. Chronic and heightened dissatisfaction with various aspects of his job context, e.g. salary, supervision, working conditions, status, job security, company policy and administration, fellow employees.	Higher tolerance for poor hygiene factors.
3. Over reaction with satisfaction to improvement in hygiene factors.	Less reaction to improvement in hygiene factors.
4. Short duration of satisfaction when hygiene factors are improved.	Similar.
5. Over reaction with dissatisfaction when hygiene factors are not improved.	Milder discontent when hygiene factors need improvement.
6. Realises little satisfaction from accomplishments.	Realises great satisfaction from accomplishments.
7. Shows little interest in the kind and quality of work he does.	Shows capacity to enjoy the kind of work he does.
8. Cynicism regarding positive virtues of work and life in general.	Has positive feelings towards work and life in general.
9. Does not profit professionally from experience.	Profits professionally from experience.
10. Prone to cultural noises	Belief systems sincere and considered.
(a) Ultra-liberal, ultra-conservative	
(b) Parrots management philosophy.	
(c) Acts more like the top management than top management does	
11. May be successful on the job because of talent	May be an over achiever.

Unlike Maslow's theory which is descriptive, Herzberg's theory is prescriptive. Thus, Herzberg suggested the concept of 'job enrichment' as against the traditional concept of 'job enlargement' to motivate members of the organisations. The technique of job enrichment, according to Herzberg, involves the designation of job in such a way as to provide opportunities for achievement, recognition, responsibility, advancement and growth. It does not necessarily involve more tasks to perform, but more autonomy, accountability, and responsibility in terms of planning, executing, controlling, and evaluating of the job. Thus, unlike job enlargement which loads (expands) job horizontally and increases its scope, job enrichment loads (expands) job vertically and increases its depth.

However, Herzberg's two-factor theory of motivation, in spite of being popular, came to be criticised by various critics.

House and Wigdor criticised it on the following five grounds:

- (i) It is 'method bound', that is, by the critical incident method of research and data collection. According to this method, the respondents were asked to state only extremely satisfying and dissatisfying job incidents.
- (ii) Raters bias, that is, there was no control to maintain consistent evaluation by the raters.
- (iii) The research study failed to measure the overall job satisfaction as it measured only extreme happiness and unhappiness, respectively.
- (iv) It is inconsistent with previous research as it ignored the situational variable.
- (v) Its research methodology looked only at satisfaction, not at productivity.

Michael Nash described the theories of Maslow and Herzberg as "Major Wrong Theories."

Hinton also questions Herzberg's research methodology.

Myers research findings support Herzberg's theory only partially.

Donald Schewab obtained different results when he applied Herzberg's methodology.

## Maslow Vs. Herzberg

Now, it is worthwhile to make a comparison between the theories of Maslow and Herzberg.

There is a close relationship between the theories of Maslow and Herzberg. Both emphasize the similar set of relationships. Herzberg's hygiene factors are roughly equivalent to Maslow's lower-order needs (physiological, safety and social). Likewise, Herzberg's motivators are roughly equivalent to Maslow's higher-order needs (esteem and self-actualisation).

However, the theories of Maslow and Herzberg explain motivation from different perspectives. The specific differences between these are mentioned below in Table 4.6.

**Table 4.6** Differences Between Maslow's and Herzberg's Theories

<i>Maslow's Need Hierarchy Theory</i>	<i>Herzberg's Two-Factor Theory</i>
1. It emphasizes that any unsatisfied need whether of lower-order or higher-order is motivating to the individual.	It emphasizes that only higher order needs are motivating to the individual. The lower-order needs (hygiene factors) neutralize dissatisfaction.
2. It has universal applicability. It can be applied to all kinds of employees.	It has limited applicability. It is applicable mostly to white-collar and professional employees.
3. It is a descriptive theory. It did not make any suggestion to deal with the motivational problems.	It is a prescriptive theory. It suggested job enrichment to deal with the motivational problems.
4. It deals with general motivation and applies to all people in the society.	It deals with work-related motivation and applies only to people in the organisations.
5. It states that financial reward can motivate behaviour.	It states that financial reward cannot motivate behaviour.